

COMANCHE COUNTY FACILITIES AUTHORITY
June 30, 2013

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Comanche County Facilities Authority
Lawton, Oklahoma 73501

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of The **Comanche County Facilities Authority**, a component unit of Comanche County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

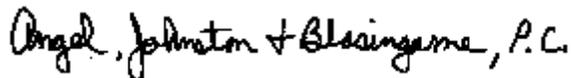
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the **Comanche County Facilities Authority**, a component unit of Comanche County, Oklahoma, as of June 30, 2013, and the respective changes in financial position—modified cash basis and cash flows—modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **February 17, 2014**, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Comanche County Facilities Authority's** internal control over financial reporting and compliance.



ANGEL, JOHNSTON & BLASINGAME, P. C.
Certified Public Accountants
February 17, 2014

Basic Financial Statements

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$	354,870
Restricted Inmate Trust Funds		52,451
Employee Receivable		218
		218
<i>Total Current Assets</i>		407,538

Non Current Assets

Capital Assets-Net		8,138,263
		8,138,263
<i>Total Assets</i>		8,545,801

LIABILITIES

Current Liabilities

Inmates Trust Funds Payable		20,371
Payroll Liabilities		74,740
		74,740
<i>Total Current Liabilities</i>		95,111

Non Current Liabilities

<i>Total Non Current Liabilities</i>		-
		-
<i>Total Liabilities</i>		95,111

NET POSITION

Invested in Capital Assets, net of related debt		8,138,263
Restricted		52,451
Unrestricted		259,977
		259,977
<i>Total Net Position</i>	\$	8,450,690

The accompanying notes are an integral part of the financial statements.

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA

Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis
For the Year Ending June 30, 2013

	Volunteer Fire Dept.	Emergency Management	Detention Center	TOTAL
Operating Revenues				
Lease Revenues from County Sales Tax	\$ 242,771	\$ -	\$ 1,501,656	\$ 1,744,427
Contract Revenues	-	-	1,149,074	1,149,074
Inmate Revenue	-	-	186,647	186,647
Grant Revenue	-	215,487	-	215,487
Gain/(Loss) on Asset Disposal	-	450	(408)	42
Miscellaneous Income	1,854	595	21,439	23,888
	<i>Total Revenue</i>	244,625	216,531	2,858,408
			2,858,408	3,319,565
Operating Expenses				
Advertising	-	-	6,361	6,361
Automobile Expenses	-	5,954	20,311	26,265
Facilities Maintenance	-	8,065	69,095	77,160
Depreciation Expense	-	12,056	301,904	313,960
Inmate Items	-	-	9,822	9,822
Inmate Uniforms/Bedding	-	-	17,761	17,761
Inmate Food Costs	-	-	315,638	315,638
Inmate Medical Expenses	-	-	35,910	35,910
Inmate Gang Pay	-	-	4,441	4,441
Insurance	-	24,027	128,777	152,804
Janitorial Supplies	-	-	45,788	45,788
Office Expense	-	5,500	37,338	42,838
Payroll Expense - Wages	-	158,250	1,614,621	1,772,870
Payroll Expense - Employee Benefits & Costs	-	49,468	547,283	596,751
Payroll Taxes	-	14,887	166,013	180,900
Professional Fees	-	3,600	21,612	25,212
Staff Uniforms, Supplies & Misc Expenses	-	-	5,895	5,895
Supplies	-	1,663	7,074	8,738
Travel & Training Costs	-	5,756	8,734	14,490
Utilities	-	2,890	185,895	188,785
Telephone	-	12,118	11,925	24,043
Grant Expenses/Supplies	-	147,899	-	147,899
Volunteer Fire Departments Expenses	217,840	-	-	217,840
	<i>Total Operating Expenses</i>	217,840	452,132	3,562,198
			3,562,198	4,232,170
<i>Operating Income (Loss)</i>	<u>\$ 26,785</u>	<u>\$ (235,601)</u>	<u>(703,790)</u>	<u>\$ (912,606)</u>
Non-Operating Revenues (Expenses)				
Other/Investment Income	-	-	-	-
<i>Total Non-Operating Revenues (Expenses)</i>	-	-	-	-
<i>Income (Loss) Before Transfers</i>	26,785	(235,601)	(703,790)	(912,606)
Transfers from County Appropriations	-	231,735	-	231,735
	<i>Net Income (Loss)</i>	26,785	(3,866)	(703,790)
			(703,790)	(680,870)
<i>Net Position - Beginning of Year</i>	<u>213,205</u>	<u>90,345</u>	<u>8,828,010</u>	<u>9,131,560</u>
			8,828,010	9,131,560
<i>Net Position - End of Year</i>	<u>\$ 239,990</u>	<u>\$ 86,479</u>	<u>8,124,220</u>	<u>\$ 8,450,690</u>
			8,124,220	8,450,690

The accompanying notes are an integral part of the financial statements.

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
Statement of Cash Flows - Modified Cash Basis
June 30, 2013

Cash Flows from Operating Activities

Receipts from County Lease, Contracts & Inmates	\$	3,319,523
Payments for Employee Payroll & Benefits		(2,541,247)
Payments for Inmate Costs		(383,772)
Payments for Grant Expense & Volunteer Fire Departments		(365,738)
Payments to Suppliers & Other Costs		(618,379)
<i>Net Cash Provided by (used for) Operating Activities</i>		(589,614)

Cash Flows from Noncapital Financing Activities

Transfers from County		231,735
<i>Net Cash Provided by (used for) Noncapital Financing Activities</i>		231,735

Cash Flows from Capital and Related Financing Activities

Asset Disposal		42
Purchase of Capital Assets		(184,188)
<i>Net Cash Provided by (used for) Noncapital Financing Activities</i>		(184,146)

Cash Flows from Investing Activities

Investment Earnings		-
<i>Net Cash Provided by (used for) Investing Activities</i>		-

Net Increase (Decrease) in Cash and Cash Equivalents (542,024)

Cash and Cash Equivalents - Beginning of Year 949,345

Cash and Cash Equivalents - End of Year \$ 407,321

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Operating Income (Loss)		(912,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (used) by Operating Activities		
Depreciation Expense		313,960
Loss (Gain) on Sale of Assets		(42)
Decrease (Increase) in Receivables		360
Decrease (Increase) in Prepaids		3,023
Increase (Decrease) in Payables		(201)
Increase (Decrease) in Payroll Liabilities		5,891
<i>Net Cash Provided by (used for) Operating Activities</i>	\$	(589,614)

The accompanying notes are an integral part of the financial statements.

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Comanche County Facilities Authority is a public trust created and established by Comanche County May 7, 2001.

As discussed further in Note 1 C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent that they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1- A. Reporting Entity

Comanche County Facilities Authority was organized to assist Comanche County, the State of Oklahoma, Governmental Agencies municipalities and private entities, agencies and citizens in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of the State of Oklahoma and Comanche County in order to lessen the burdens on government and to stimulate economic growth and development of the Comanche County; to inventory the services, facilities and resources of the Comanche County, to own, operate and manage jails, prisons, correctional and related facilities; to foster and promote an improved economic climate within the Comanche County and to otherwise promote its general welfare and prosperity and to finance any and all programs, utilities, facilities or resources promoting or intending to promote any of the foregoing and, without restriction, in furtherance of the foregoing general objectives. The Authority is also operating Emergency Management System and distributing sales tax to the County Volunteer Fire Departments

Related Organizations

Comanche County The Authority is a public trust created and established pursuant to the term of Title 60, Oklahoma Statutes 1991, Section 176 et seq.; as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma and Comanche County is the beneficiary of this public trust. The elected Comanche County commissioners are also the Authority's trustees. Therefore, the Authority is considered to be a component unit of Comanche County.

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1- B. Basis of Presentation

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Proprietary Funds

1. Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The reporting entity includes the following enterprise funds:

Detention Center – Accounts for the activities of the public trust in providing jail facilities.

EMS – Emergency Management Services accounts for the emergency management services provided to the county.

Volunteer Fire Department – Provides funding to various County Volunteer Fire Departments.

1- C. Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. In other words, revenue would be recognized when earned and expenses would be recorded when the liability is incurred or economic asset used.

1- D. Assets, Liabilities and Net Position

Cash and Investments - The Authority considers all demand deposit accounts, interest bearing checking accounts and time deposits accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1- D. Assets, Liabilities and Net Position (continued)

Restricted Cash-Inmate Trust Funds – The restricted portion of the cash account and corresponding liability is cash funds of the individual inmates, held in a separate bank account for their use.

Capital Assets – Capital assets acquired are capitalized and stated at cost, donated capital assets (if any) are recorded at their fair market values as of the date received. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. The Authority does not have a capitalization threshold amount. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Jail Facilities	40 Years
Food Service Equipment	25 Years
Equipment/Vehicles	7 - 10 Years
Emergency Mgmt	7 - 10 Years

Payroll Withholding and Taxes Payable – The payable consists of withholdings from employees and payroll expenses incurred and payable at year-end.

Net Position – Net Position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation
- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1- E. Revenues, Expenditures and Expenses

Operating and Nonoperating Revenues – Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

reported as non-operating.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1- E. Revenues, Expenditures and Expenses (continued)

Expenditures/Expenses – Expenditures/expenses are reported by object or activity.

Interfund Activity – Transfers are the flow of assets from one fund to another where repayment is not expected and is reported as transfers in and out.

1- F. Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Authority requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

2- A. Deposits, Investments, and Collateral

Deposits and Investments – The Authority does not have a written investment policy that limits its investment choices. Investments are limited by state statute and declaration of trust.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* requires collateral for all uninsured deposits of public trust funds in financial institutions. As of June 30, 2013, none of the Authority’s bank balances were exposed to custodial credit risk.

2- B. Restricted Assets

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash restricted for inmates. The restricted assets as of June 30, 2013 were as follows:

<u>Type of Investments</u>	<u>Cash and Cash Equivalents</u>	<u>Current Investments</u>	<u>Total</u>
Cash Restricted for Inmates	\$ 52,451	-	\$ 52,451

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

2- C. Capital Assets

The following is a summary of the capital assets of the Authority at June 30, 2013:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Construction in Progress	\$ 127,530-	-	(127,530)	\$ -
Total capital assets, not being depreciated	<u>127,530-</u>	<u>-</u>	<u>(127,530)</u>	<u>-</u>
Capital Assets, being depreciated				
Jail Facilities	9,952,949	294,163	-	10,247,112
Food Service Equipment	105,616	4,352	(1,360)	108,607
Equipment/Furn. & Fixtures	185,892	13,611	-	199,503
Vehicles	<u>141,565</u>	<u>-</u>	<u>-</u>	<u>141,565</u>
Total capital assets	<u>10,386,022</u>	<u>312,126</u>	<u>(1,360)</u>	<u>10,696,787</u>
Less accumulated depreciation for:				
Jail Facilities	(2,044,531)	(259,943)	0	(2,304,475)
Food Service Equipment	(39,233)	(5,984)	930	(44,287)
Equipment	(79,902)	(27,022)	0	(106,923)
Vehicles	<u>(81,851)</u>	<u>(20,989)</u>	<u>0</u>	<u>(102,840)</u>
Total accumulated depreciation	<u>(2,245,517)</u>	<u>(313,937)</u>	<u>930</u>	<u>(2,558,525)</u>
Net Capital Assets	<u>8,268,035</u>	<u>(1,811)</u>	<u>(127,960)</u>	<u>8,138,263</u>

2- D. Interfund Transactions and Balances

The Authority's policy is to eliminate interfund transfers in the statement of net position to avoid the grossing up of balances. Only the residual balances transferred between business-type activities are reported as internal transfers and then offset in the total column. There were no internal transfers for the year ended June 30, 2013.

NOTE 3- OTHER NOTES

3- A. Employee Pension Plans

The Authority's employees are included in Comanche County's retirement plan with the Oklahoma Public Employees Retirement System. This plan is a statewide cost-sharing multi-employer defined benefit plan. Participation in the plan for qualified employees is mandatory. During the current year, the qualified employee contributed 3.5% of their wages and the Authority contributed 15.5%. The employer contribution rate will increase by 1% each year until the rate reaches 16.5%. The pension plan costs to

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3- OTHER NOTES (continued)

3- A. Employee Pension Plans (continued)

the Authority for years ending 2009 is \$209,187, 2010 is 235,852, 2011 is \$259,965, 2012 is \$263,631, and 2013 is 267,533. Since the Authority's employees are not segregated from the County's employees in the retirement plan we are unable to provide segregated required information such as the actuarial valuations and amounts.

3- B. Lease Agreement and Operation and Maintenance Contract

On July 1, 2001 the Authority (lessor) and the County (lessee) entered into a lease agreement and operation and maintenance contract, whereby the County leases the jail facilities from the Authority and agrees to operate and maintain the jail facilities or to pay the cost thereof. The lease term commences July 1, 2001 and ends June 30, 2041, unless terminated sooner: provided that all indebtedness secured by the facilities has been paid. The funding and amounts of the lease payments are described in note 3 C.

3- C. Sales Tax Revenue Bonds Series 2001

In July 2001 the Authority issued \$8,750,000.00 in 4.15% to 5.00% sales tax bonds to fund construction of the Comanche County jail. The bonds were backed by a .25 percent countywide sales tax approved by a majority of voters in Comanche County and expired December 31, 2008. The County extended the sales tax at one-eighth of a percent (1/8%) until December 31, 2015, for the purpose of funding capital improvements and operational costs.

3- D. Risk Management

As per the lease agreement and operation and maintenance contract as described in note 3 B, the County will carry and maintain, or cause to be carried and maintained, and pay, or caused to be paid, the timely premiums for at least the following insurance with respect to the facilities.

Property & Liability Protection Plan – The Authority is a member of the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG). The lines of coverage and limits of liability afforded by ACCO-SIG are subject to a \$10,000 deductible and are as follows:

Property - Per schedule on file with company.

Crime - \$500,000 each and every loss.

Casualty - \$25/125/1,000,000 any one claim; law enforcement liability \$1,000,000 any one claim; public officials errors & omissions \$1,000,000 any one claim, any one member; auto

COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3- OTHER NOTES (continued)

3- D. Risk Management (continued)

liability & physical damage \$1,000,000 any one claim.

Public Officials Wrongful Acts - \$1,000,000 any one claim, any one member.

Workers' Compensation – Workers compensation is covered through participation in ACCO-SIG workers compensation program. Risk of loss retained is limited to the excess of insurance liability coverage limits set by ACCO-SIG.

3- E. Commitments and Contingencies

Compensated Absences

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, compensatory time earned but unpaid at year-end and banked holiday) are not reflected in the financial statements. At June 30, 2013 the liabilities are as follows: the Detention Center \$174,959 and Emergency Management \$14,513.

3- F. Pending Litigation, Claims and Assessments

The Authority had several pending complaints and litigation concerning inmates and employees on June 30, 2013. However, the Authority's attorney believes that the likelihood of an unfavorable outcome is remote. Therefore, the pending litigation and claims are not believed to have a material effect on the financial statements.

*Report on Internal Control
and Compliance*

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Comanche County Facilities Authority
Lawton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the **Comanche County Facilities Authority**, a component unit of Comanche County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise **Comanche County Facilities Authority's** basic financial statements and have issued our report thereon dated February 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Comanche County Facilities Authority's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness in internal control over financial reporting, items numbered 13-2.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

Comanche County Facilities Authority
February 17, 2014

with governance. We consider the deficiencies described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, items numbered 13-1, 13-3 and 13-4.

Compliance and Other Matters

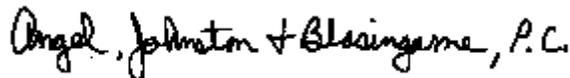
As part of obtaining reasonable assurance about whether **Comanche County Facilities Authority's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comanche County Facilities Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ANGEL, JOHNSTON & BLASINGAME, P.C.
Certified Public Accountants

Chickasha, Oklahoma
February 17, 2014

COMANCHE COUNTY FACILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

Reportable Conditions of Internal Control, Compliance and Other Matters

13-1 Criteria – A good system of internal control should include the posting of transactions to the financial statements from original bank statements.

Condition – The outside accountant is not being provided with the actual bank statements for the Volunteer Fire Department or Emergency Management in order to post transactions. The accountant is only provided a summary of transactions to post.

Cause and Effect – Since transactions are not being posted directly from the bank accounts, transactions could be incorrectly classified or omitted from the financial statements.

Recommendation – All bank accounts should be provided to the outside accountant for posting to the financial statements.

Management Response – Management agrees.

13-2 Criteria – All bank accounts and financial transactions should be recorded on the Authority's books.

Condition – The new FMAG bank account, which was set up during the year, was not recorded on the Authority's financial statements, nor were the transactions which passed through this account.

Cause and Effect – The outside accountant was not aware of the opening of this new bank account and, therefore, did not record any of the transactions related to this account. The omission of these transactions caused revenue, expenses, and cash to be understated and presented the opportunity for fraud to be committed and concealed.

Recommendation – The Authority should notify the outside accountant of any bank accounts opened or closed during the year. The Authority should also provide the outside accountant with copies of all original bank statements.

Management Response – Management agrees. Transactions relating to this bank account were posted upon discovery of their omission during the audit.

13-3 Criteria – A good system of internal control should include approval by the Board of Trustees of the opening or closing of any bank account.

Condition – The Authority did not approve the opening of a new FMAG Bank Account in the Board minutes.

Cause and Effect – An oversight by management to not have the opening of this account approved allows for bank accounts to be established that the Board and/or management is unaware of and presents the opportunity for concealment of fraud.

Recommendation – The opening and closing of all bank accounts should be approved in the Board minutes.

Management Response – Management agrees.

COMANCHE COUNTY FACILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

13-4 Criteria – The purchasing officer should approve all expenses before goods or services are ordered.

Condition – Of the twenty three purchase orders selected for testing from the Detention Center, six were dated after the date of the invoice.

Cause and Effect – Failure to follow purchasing policies and procedures allows for the possibility of unauthorized purchases or purchases occurring without the availability of adequate funds.

Recommendation – The purchasing officer should approve purchases by signing and dating each purchase order prior to the ordering of goods or services.

Management Response – Management agrees and has corrected this deficiency.